

## **REMARKS**

Applicants reply to the Office Action dated April 28, 2009 within three months. Claims 1-3, 6-7, 10-11, 13-14, and 17-18 were pending in the application and the Examiner rejects claims 1-3, 6-7, 10-11, 13-14, and 17-18. Applicants cancel claims 7 and 14 and add new claim 22. Support for the amendments and new claim may be found in the originally-filed specification, claims, and figures. No new matter is entered by these amendments and new claim. Applicants respectfully request reconsideration of this applicant.

## **Interview**

Applicants thank the Examiner and the Primary Examiner (the “Examiners”) for the telephone interview conducted on July 21, 2009. In the interview, Applicants’ counsel discussed the distinctions between the cited prior art and the claimed invention. Applicants’ counsel described the invention generally and also specifically discussed the process for determining the tax treatment categorization. Furthermore, Applicants’ counsel submitted that the cited art does not disclose calculating an adjusted cost basis for an asset based upon “the asset, the reallocation of the ownership of the asset and the tax treatment categorization” as recited in claim 1 (emphasis added).

The Examiners requested that Applicants’ counsel identify an Internal Revenue Service document that discusses tax treatment of asset reallocations. Examples of such a document include, Publication 551, Basis of Assets, Internal Revenue Service, U.S. Department of the Treasury, Revised 5/2002, available at: <http://www.irs.gov/publications/p551/index.html> and Publication 544 (2008), Sales and Other Dispositions of Assets, Internal Revenue Service, U.S. Department of the Treasury, available at: <http://www.irs.gov/publications/p544/index.html>.

**Applicants submit that, while such documents may provide detailed guidance on how to determine tax basis and calculate related taxes for assets, the documents fail to provide the automated analysis and tax treatment categorization in association with a portfolio management tool to facilitate providing more detailed information in such a portfolio management tool. The claimed invention further allows for forecasting and summarization of tax treatment, all of which is also not available from the IRS tax code. The tax treatment categorization discussed in detail during the interview can be seen as a summarization that aids in more accurate portfolio analysis and that can be used as an input into a tax preparation processes.**

Applicants also note that the dependent claims are now “daisy-chained” in case the Examiner would like to see more elements combined for patentability.

**Claim Rejections under 35 U.S.C. §112, first paragraph**

The Examiner rejects claims 1 and 11 under 35 U.S.C. 112, first paragraph as failing to comply with the written description requirement. Applicants respectfully disagree with this rejection. However, in order to expedite prosecution, Applicants amend claims 1 and 11 to obviate the rejection.

**Claim Rejections under 35 U.S.C. §103**

The Examiner rejects claims 1-3, 6-7, 10-11, 13-14, and 17-18 as being unpatentable over Horan, US 2003/0225663 (“Horan”) in view of DeWolf *et al*, US 2002/0032626 (“DeWolf”), Bergmann *et al*, US 2002/0143682 (“Bergmann”) and Official Notice. Applicants do not concede that the cited references are indeed prior art with respect to this application, and Applicants reserve the option to antedate the cited references. Applicants respectfully disagree with this rejection. However, in order to expedite prosecution, Applicants amend claims to further distinguish from the cited art.

Horan generally discloses a portfolio management platform with multiple capabilities. The platform provides investment advisors, fund managers and investors with trading functionality and a set of portfolio management tools. The portfolio management tools included in the platform provide reconciliation, rebalancing and reallocation functions for various investment products. These tools are used in automating the execution of investment strategies that are based upon maintaining a pre-set mix of investment vehicles and risk exposures.

The Horan platform also includes an accounting and management system. This feature enables a variety of book keeping functions that are used to manage large investment portfolios. The accounting engine is capable of delivering multi-currency, multi-asset class, transaction processing and accounting. Furthermore, the platform enables calculating cost basis, including tracking multiple cost bases, using a variety of cost accounting methods including tax lot accounting which is a record keeping technique that traces the dates of purchase and sale, cost basis, and transaction size for each security in a portfolio, even when more than one trade is made in the same security.

Horan does not provide the ability to identify and categorize certain complex types of changes of ownership, such as when a product is acquired through gift or inheritance, or when various types of corporate restructuring create changes to the underlying securities. **While Horan may disclose initial categorization and basic cost basis accounting functions, it does not further categorize the reallocations. Significantly, Horan does not disclose or contemplate at least examining both the reallocation data that represents the result of an ownership change and a further categorization of the reallocation to enable automatic calculation of a more accurate cost basis change.**

Bergmann generally discloses a system for incorporating the effect of taxes on the risk and expected return of asset classes in an investor portfolio. The system provides a process for developing an optimal, after-tax asset allocation strategy. More particularly, the system provides functionality to analyze the tax effect on asset classes so that financial planners can more accurately forecast after-tax total return and standard deviation. The Bergmann system also provides functionality to automatically calculate asset class data from a combination of data, from the standard asset classes and previously specified asset classes. For example, a custom asset class can be created by combining the characteristics of existing asset classes, “the return of the [custom asset class] is to be derived from 50% of the return to real estate, 25% of the return to small-cap stocks and 25% of the return to corporate bonds.” (Bergmann, Para. 0011).

Significantly, Bergmann does not disclose a re-categorization of an ownership reallocation. Instead, Bergman discloses grouping assets with like tax characteristics into an asset class (e.g. fully taxable, tax deferred, tax exempt, employee stock ownership plan (ESOP), etc.) (See Bergman, para. 34). **As such, Bergmann does not disclose or contemplate analyzing the reallocation data related to the ownership reallocation, to characterize the reasons for the reallocation and determining a tax treatment categorization based upon that analysis.** Bergman does not re-characterize the transaction because Bergman is simply concerned with calculating a tax basis for assets in a portfolio in order to forecast a contingent (i.e. unrealized) return for a portfolio and not with examining the tax treatment of an asset on a transaction by transaction basis.

DeWolf also does not disclose examining reallocation data and establishing a further tax treatment categorization based upon the reasons for the reallocation. DeWolf discloses tracking multiple transactions throughout the life of the asset (DeWolf para. 0048). **While DeWolf may**

disclose tracking multiple transactions and a category associated with each transaction, DeWolf does not disclose examining the category assigned to a transaction (i.e., reallocation code) and establishing a tax treatment categorization “based upon reallocation code, the reallocation reasons, and the asset type” (See e.g., amended claim 1). For example, DeWolf discloses tracking the purchase of, maintenance on, insurance purchased, and loan obtained for a car, but these categories are dependent upon separate events and are exclusive of each other and not re-categorizations based upon an initial categorization of the same transaction. (See DeWolf, para. 48). Thus, DeWolf does not disclose re-categorizing similar to the presently claimed invention.

Therefore, none of the cited references, alone or in combination disclose or contemplate at least the following elements, as similarly recited by independent claims 1 and 11 (emphasis added):

acquiring, by a computer and from a product system, reallocation data associated with a reallocation of an ownership of the asset...  
**wherein the reallocation data comprises a reallocation code, reallocation reasons, an asset type and a reallocation value, re-categorizing, by the computer, the reallocation code into one of a plurality of tax treatment categories to establish a tax treatment categorization of the reallocation, wherein the reallocation was previously categorized, by the product system, into one of a plurality of categories, and wherein the tax treatment categorization is based upon the reallocation code, the reallocation reasons, and the asset type and is associated with a tax treatment of the reallocation;**

automatically calculating, by the computer, an adjusted cost basis of the asset **based upon the reallocation code, the reallocation reasons, the asset type, and the tax treatment categorization;**

...

...

reconciling, by the computer **and based upon the tax treatment categorization,** the cost basis data and the adjusted cost basis of the asset to the plurality of product systems; and,

preparing a report, by the computer, relating to the adjusted cost basis of the asset based on at least one of: the reallocation code, the tax treatment categorization and the adjusted cost basis of the asset.

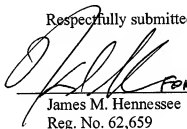
Dependent claims 2, 3, 6, 10, 13, 17 and 18 variously depend from independent claims 1 and 11 and contain all of the elements thereof. Therefore, Applicants respectfully submit that dependent claims 2, 3, 6, 10, 13, 17 and 18 are likewise differentiated from the cited references at least for the same reasons as set forth above, in addition to their own respective features.

New independent claim 22 has similar elements as independent claims 1 and 11, so Applicants respectfully submit that claim 22 is likewise differentiated from the cited references at least for the same reasons as set forth above, in addition to its own respective features.

In view of the above remarks, Applicants respectfully submit that all pending claims properly set forth that Applicants regard as their invention and are allowable over the cited references. Accordingly, Applicant respectfully requests allowance of the pending claims. The Examiner is invited to telephone the undersigned at the Examiner's convenience, if that would help further prosecution of the subject application. The Commissioner is authorized to charge any fees, which may be required, or credit any overpayment, to Deposit Account No. 19-2814.

Respectfully submitted,

Dated: 7/28/09

  
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